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News — News Update

'527' invasion: Veiled groups, stiff resistance

Updated: MAY 4, 2007 — 3:01 AM EDT



by **Craig R. McCoy, Marcia Gelbart & Thomas Fitzgerald**, Inquirer Staff Writers

One calls itself Working People for Truth. The working man heading it up is a Washington lawyer with a specialty in international trade and a knack for ducking reporters.

The other named itself the Economic Justice Coalition for Truth. The leader of the "coalition"

stood in for mayoral candidate Bob Brady at a
forum.



Alex Talmadge Jr. says his 527 group will reveal financial details.

And neither group has said who is paying its bills.

It's a political ploy better known in national races: Two so-called 527 groups have sprung up to attack mayoral candidate Tom Knox.

While not derailing Knox's multimillion-dollar campaign, the groups have sparked condemnations from an election watchdog group, forced the exit of a Brady campaign operative, and triggered a subpoena from the city's new Board of Ethics - as well as a fierce counterattack, on and off the air, from Knox.

His campaign promptly put up an ad bashing the bashers, and on Wednesday his lawyer sent a blistering letter to TV stations demanding that they not broadcast an "illegal and defamatory" anti-Knox commercial funded by the Economic Justice group.

The group has tried to buy \$35,000 in airtime. But 6ABC and NBC10 refused yesterday to run the group's ad; CBS3 said it hadn't decided.

As at the national level, the two 527 groups - nicknamed for the section of the tax code that authorizes them - are an unintended consequence of efforts to clean up the political process.

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Catching up with national law, Philadelphia enacted caps on campaign fund-raising and spending in 2003 in the midst of City Hall's "pay-to-play" scandal. But 527s can raise as much as they want as long as they do not coordinate their efforts with a candidate.

That makes them handy launchpads for "attack" ads - with no candidate having to be accountable for the ugliness.

Such groups, said Zack Stalberg of the nonpartisan Committee of Seventy, threaten to "pervert the whole campaign process in Philadelphia."

To be sure, the two groups targeting Knox have fired a relatively weak fusillade - nothing like the attacks launched by the best-known 527 of all, Swift Boat Veterans for Truth, on 2004 presidential candidate John F. Kerry.

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In Philadelphia, Working People for Truth spent \$67,500 to broadcast anti-Knox ads last weekend - a trifle against Knox's \$6 million TV ad blitz. Unlike the Economic Justice Coalition, at least it got its ads on the air.

David Donnelly, national campaigns director for the nonpartisan Public Campaign Action Fund of Washington, said Knox was more than holding his own.

being a victim here, since in this instance he has the ability to respond," said Donnelly, whose group pushes for public financing of elections at all levels.

Some information from the 527s in the mayor's race may surface today. Under state law, today is the deadline for groups that aim to influence the May 15 primary to file reports listing donors and spending. Alex Talmadge Jr., the Democratic former city commissioner who heads the Economic Justice Coalition, said his group would file.

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He has also said he would comply with a subpoena for his group's finance records from the city Board of Ethics.

The only officer identified on the form that the other group, Working People for Truth, submitted April 23 to the IRS is Washington lawyer Donald R. Dinan.

Dinan, whose clients have ranged from Washington's Democratic Party to Deutsche Bank, has not answered reporters' numerous

office visits. His spokesman, Robert Bedard, declined yesterday to say whether Working People for Truth would file campaign reports.

While not a donor in recent Philadelphia races, Dinan has contributed a total of more than \$20,000 to Democrats including Bill Clinton, Nancy Pelosi, and U.S. Rep. Joe Sestak of Delaware County. Bedard termed him a "political activist with a deep background in Philadelphia," noting that he attended the University of Pennsylvania.

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Asked about his own background - he once did publicity for the Transport Workers Union here - Bedard declined to comment.

Talmadge and Bedard have said their groups are independent of any candidate. Knox's rivals in the mayoral race, too, say they have no tie to the groups. "Get out of town," Brady said of the groups last week. "They ain't doing me any favors."

At the same time, Brady's campaign had to fire adviser Ken Smukler last week after Smukler

acknowledged talking up the 527 idea this year. And Talmadge appeared as a surrogate for Brady at a March campaign event.

A lawyer for the Talmadge group, Abbe F. Fletman, has a more complicated political resume. She advised a Brady ally, former City Controller Jonathan Saidel, before Saidel quit the mayor's race in favor of Brady. But Fletman said she supported Democrat Chaka Fattah for mayor.

Talmadge argued that his group was more than just a vehicle for TV ads, pointing to a recent news conference it held in which questions were raised about Knox's stint as head of a bank that regulators harshly criticized for making high-interest "payday" loans.

Today, in response to a subpoena, Talmadge is expected to testify about his group before the city's Ethics Board.

Records filed with two TV stations show that the airtime for Working People for Truth's ads was purchased by a media-buying firm in Little Rock. The firm's principal, Kenneth Griffey, said in an interview that he knew little: Dinan hired him to place the ad, which Griffey said he had never watched.

At CBS3, a lawyer in Dinan's firm, Gary Adler, was identified on a form as a representative of Working People for Truth. But Adler said yesterday, "I have never heard of this organization."

To some, the appearance of the two Philadelphia 527s is bad news. "I think they defeat the purpose of the election law in Philadelphia," Gov. Rendell said this week.

Stalberg, the head of the Committee of Seventy, yesterday called the 527s a trick designed to put up "ugly" attack ads while circumventing the city's campaign money caps, which also limit candidates to one campaign committee.

"More negativity is not what Philadelphia needs," Stalberg said. "I see them adding nothing but meanness to this election."

Smukler, who resigned as a Brady campaign aide after acknowledging he had urged others to create anti-Knox 527 groups, has since made the ad that the Talmadge group is seeking to broadcast.

In interviews, Smukler has said it was legal for him to urge creation of 527s, even while working for Brady, as long as he stopped helping any such

In his view, such groups are the only way to counteract Knox's edge in spending.

"When you confront a guy who essentially says, 'I am going to spend whatever it takes in order to get into office,' recognizing that the other candidates face severe spending limitations," Smukler said, "I look at it as a moral imperative to do the 527."

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